Caledonian Maritime Assets Ltd (CMAL) has set out a clear mission in its three year Corporate Plan (2015 – 2018) to ‘provide, safeguard and develop ferries and harbours’, with a vision to ‘be the pre-eminent provider of the most cost effective and innovative vessels and port infrastructure for the communities we serve’.

CalMac Ferries Limited (CFL) has put together a compelling and exciting proposal that supports CMAL’s mission and vision and meets the needs of Scottish Ministers and harbour users.

We are proud to be owned by the people of Scotland and are seamlessly aligned to delivering the policies and objectives of CMAL and the Scottish Government.

We are deeply embedded in the communities we support, actively driving economic sustainability and community success by recruiting and investing locally. We are proud to be a Living Wage employer and have signed up to the Scottish Government’s Business Pledge.

We offer national expertise based on our local experience, and operate the largest number and most diverse range of ports in the UK. CFL will build on its unrivalled insight gained as the provider of the Harbour Operating Agreement (HOA) since its inception.

In 2015 this expertise was recognised by the Ministry of Defence (MOD) with the award of a contract to operate Marchwood, the MOD’s key strategic port. We will share our experience in managing and exploiting the commercial potential of Marchwood with the HOA Contract.
In reviewing the requirements for the new HOA, we have undertaken an in-depth analysis of current harbour operations and developed a smarter approach to delivery, using experts from the business with deep commitment, combined with external subject specialists with extensive industry experience. We are confident that our proposals are realistic, deliverable and financially practical.

We recognise our delegated role in assisting CMAL with its responsibilities as Harbour Authority and Duty Holder, by ensuring that all CMAL harbours are operated in compliance with the requirements of the Port Marine Safety Code (PMSC).

We have designed a new operational structure, which places harbours management and resources within a Harbours Division, overarched with a Harbours Contract Management Team. This will provide direct accountability to CMAL and clear separate harbour and ferry operations at the CMAL ports.

We will apply the principles of BS 11000 Collaborative Business Relationships to improve our interactions with both CMAL and the users of ports and harbours.

Our wider success as a business has been recognised by winning a number of major national awards, including Public Transport Operator of the Year and Scottish Business Customer Focus.

We believe that no other organisation possesses our knowledge, credibility or passion. Our ambitious proposals are believable, deliverable and achievable, based on our many years of experience.

Martin Dorchester, CFL Managing Director
1.10 EXECUTIVE SUMMARY

OUR UNDERSTANDING OF YOUR NEEDS

CMAL has set out five guiding values in its Corporate Plan, which we have summarised below:

<table>
<thead>
<tr>
<th>CMAL’S 5 GUIDING VALUES</th>
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<tbody>
<tr>
<td>1. Responsibilities – to the Scottish Government, Operators, local communities, employees, business partners and society</td>
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<tr>
<td>2. Business integrity – honesty, integrity and fairness</td>
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<tr>
<td>3. Health and safety – an obligation to protect employees and other port users</td>
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<tr>
<td>4. Communities – behaving in a socially responsible manner</td>
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<tr>
<td>5. Communication – open communication through people, processes and reporting</td>
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Should CFL be selected as the Operator for the HOA, we will support these values to create long-term social and economic value by delivering the HOA as a visionary and efficient public enterprise. We will continue to be confident, ambitious and innovative, and will take a strategic long-term view to improvements.

We have created a strong proposition that builds on our success and includes a range of exciting new proposals to enhance the Harbour Operations and meet CMAL’s requirements.
PROPOSALS FOR THE HARBOUR OPERATING COMPONENT

OUR APPROACH
We have undertaken a robust review of the current operation using resources from within the business and external industry experts, including Marico Marine, an independent consultancy providing solutions for the marine sector worldwide.

We are committed to working collaboratively with CMAL to deliver the Harbour Operations. We will use the principles of BS 11000 and industry best practice to manage any conflict that can arise between the different harbour users. This approach will be embedded in our Management of Conflict Plan.

We have engaged with a wide range of stakeholders and held more than 70 stakeholder meetings. These include Maritime and Coastguard Agency (MCA), British Ports Association, Marine Scotland, Highland and Islands Enterprise, Scottish Community Alliance, Scottish Accessible Transport Alliance and SUSTRANS. We have applied key learnings from these consultations into our proposal.

OUR STRATEGIC CONTRACT PLAN
We will deliver our outcomes through:

» Operations that ensure safety of all port users is paramount
» Offering enhanced value for money
» Working in partnership
» Being a socially responsible employer that values and invests in its staff
» Improving port customer satisfaction
» An enduring commitment to improve environmental sustainability
» Managing change effectively

These seven objectives are outlined over the next few pages.
KEY FEATURES AND BENEFITS OF OUR SERVICE OFFERINGS

Operations that ensure safety of all port users is paramount (ref: 1.12, 2.5)

We have already improved safety at the harbours covered by the HOA by developing a number of initiatives including life-saving rules, safety orientation, Safety Incident Management System (SIMS), contractor on site policy, diving policy, berthing plans, traffic management plans, oil spill contingency plans, and regular port specific drills. Through effective delivery of our Operations and Safety Management System (OSMS), approved by CMAL during start-up and aligned to their OSMS, we will:

» Maintain safety at the heart of our operations and as a core accountability for all employees, to ensure the health, safety and wellbeing of our staff, contractors supply chain and port users
» Adhere to the PMSC through exemplary management systems and processes
» Use a risk based approach to safety in line with the zero accident culture throughout our operations

CFL’s delivery will give confidence of the highest level of safety for harbour users, staff, the environment, CMAL assets, and, ultimately that of CMAL.

✔ SERVICE COMMITMENT

Maintain our proven ISM code compliant health and safety management system.

A dedicated Harbour Management Team with professional, trained personnel who are leaders in their field and have proven capabilities demonstrated during execution of the current HOA.

Empowering our people and developing them through learning, use of innovative tools and systems that will support the world class performance necessary for achieving and sustaining a zero accident culture.

✓ BENEFIT

Provides CMAL with continued confidence in our capabilities as guarantors of safety and compliance with the PMSC, which will ensure the continued safety of harbour users, passengers, people, environment and assets.

Safe and competent transition to the new HOA, maintaining health, safety and compliance at the core of our Harbour Operations.

Recognition of our ability to develop and embed a zero accident culture that will facilitate and contribute positively to safe Harbour Operations for CMAL and its stakeholders.
Offering enhanced value for money (ref 2.1, 2.2, 2.4)
Throughout our proposals we have identified efficiencies to our current operations that will offer value for money and a long-term reduction in the net subsidy. Our change programme will deliver efficiencies through:

» Streamlining our organisation structure
» An appropriate level of operation that still exceeds the requirements for excellence

Initial delivery of efficiencies will be enhanced through continuous improvement to deliver savings throughout the Contract.

Working in partnership (ref 2.3)
We will build on our existing relationship with CMAL and develop joint working based on the principles of BS 11000 Collaborative Business Relationships. Our dedicated Harbours Contract Management team will be led by our Group Finance Director with accountability to the CFL Board for the delivery of the HOA.

We will implement regular and formal communication mechanisms, supplemented with daily and ad-hoc conversations.

SERVICE COMMITMENT | BENEFIT
--- | ---
Strategic partner offering unparalleled levels of knowledge based service provision and insight into the current Operations. | Provides key insights to future Operations focused on delivering CMAL's statutory obligations delegated to the Operator. Options that are practical and can be easily implemented.

SERVICE COMMITMENT | BENEFIT
--- | ---
Specific roles with responsibility for delivering the Harbour Operations plan, including a Head of Harbours dedicated to delivering the HOA, with new line management of Harbour Managers and staff. | Clearly identified ‘go-to’ people for CMAL and other operators. A clear division between our responsibilities as Operator of the HOA and CHFS Contracts.

Committed Harbours Contract Management team that will coordinate all contractual requirements. | Executive level accountability for performance, clear levels of escalation and a focus on delivering CMAL's requirements and duties under the PMSC.

Independent monitoring and reporting by an internal ‘third party’ to assure that we meet CMAL's needs.
Being a socially responsible employer that values and invests in its staff (ref 2.1, 2.4)
We will:

» Be a socially responsible and ethical service provider with fair employment practices
» Employ well-led, well-motivated, and fairly rewarded staff with opportunities for career and skills development

We will maintain our commitment to payment of the Living Wage and to the Scottish Government’s Business Pledge.

EVIDENCE OF OUR ROLE AS A SOCIALLY RESPONSIBLE EMPLOYER
CFL is the first UK harbour operator to gain Living Wage accreditation underlining our commitment to staff, many of whom live and work in remote and / or economically fragile areas around the network.
In 2013 we received the STUC Union Learning Employer Award in recognition of our support for lifelong learning.

SERVICE COMMITMENT
Continued investment in training and development.

BENEFIT
A qualified, skilled workforce with clear pathways for their personal development, increasing staff retention and improving the human capital in Scotland.

We will work with the University of Highlands and Islands (UHI) to develop and deliver harbour qualifications for Port Assistants and Harbour Managers recognised by the Scottish Qualification Authority.

Spending our training money locally will reduce travel for our staff, and enable UHI to leverage our spend by expanding their offerings and developing career opportunities to new employers and communities.

Improving port customer satisfaction (ref 1.12, 1.14, 1.15, 2.1)
CFL recognises that the HOA should be managed independently of the ferry service, for the benefit of all customers and the safe operation of the harbours. We will build on our efforts to date to create an impartial and supportive harbour focus, working collaboratively with all users of CMAL’s port and harbour facilities to ensure that we support CMAL’s brand and reputation.

Within the current HOA Contract we have improved delivery by rewriting the Port Operations Manual to reflect clear accountabilities and created a dedicated Harbour Operations Manual for the harbours we operate for CMAL.

We have process mapped and risk assessed every activity associated with Harbour Operations. These processes have been captured within our OSMS, standardising our performance across all ports.

We will:

» Hear and respect the needs of all harbour users to deliver consistent service excellence
Create a positive, safe and caring environment that demonstrates we value all harbour users impartially.

Use our Management of Conflict Plan (MoCP) to mitigate any natural and avoidable conflict that may arise in the delivery of the HOA.

**SERVICE COMMITMENT**

We will develop and promote a Customer Charter in consultation with CMAL and the range of marine and land-based customers at each harbour.

A dedicated Harbours Division (qualified Harbour Masters) with local Harbour Managers and staff.

A cohesive, robust and comprehensive MoCP that recognises the types of conflict that can arise and how to mitigate them.

We will empower our front-line staff to deal with customer complaints directly and to resolve issues swiftly.

**BENEFIT**

A clear commitment to delivering excellent customer service, with measurable performance criteria specified by our Customer Charter.

Clear leadership and management support will enable our Harbour Managers to effectively manage and mitigate conflict.

An approach that balances the requirements of harbour stakeholders to ensure that harbour use is optimised, whilst prioritising safety.

Achieves greater customer satisfaction, as well as providing increased autonomy for personnel.

**SERVICE COMMITMENT**

We will improve our pollution incident management within harbours by undertaking regular multi-agency exercises.

We will have a Waste Management Plan for each harbour, which will be reviewed annually. We will continue to audit these with the MCA.

Maintain our membership of Marine Strategy Forum for Marine Scotland and support for the Blue economy. We will continue to support monitoring of marine mammals working in partnership with marine conservation bodies.

Work with local communities to create a waste facility / hub at or close to a harbour.

**BENEFIT**

Provides CMAL with the confidence that we will deal with any incidents quickly and efficiently to minimise effects on the environment.

Reduces waste from our operations, improves recycling and reduces the amount of waste sent to landfill.

Outcome of research will be shared with CMAL. Provides support for economic sustainability of our local communities – marine tourism is growing at a faster rate than land tourism.

Reduces waste and creates community employment.

**An enduring commitment to improve environmental sustainability (ref 1.13)**

We will actively support a sustainable bio-diverse marine ecosystem, working in collaboration with our partners, customers and communities. We will support the Scottish Government’s reduced waste and Greenhouse Gasses (GHG) emissions reductions target by mitigating the impacts of operations.
Managing change effectively (ref. 1.11, 1.15, 2.1)

CFL recognises that positive change needs to occur from Contract start and that it will continue to occur throughout the Contract. We will use the framework of BS 11000 Collaborative Business Relationships to manage change effectively by working with CMAL and other stakeholders to ensure that we are all working to the same aims and objectives for the successful operation of the HOA.

We have used our experience gained as the current Operator of the HOA to offer a low cost start-up plan and a realistic approach to transformation that will deliver an optimal and value added operation. We have identified a new organisation structure for delivery of the Contract that will enable us to meet CMAL’s statutory obligations and deliver exemplary customer service.

<table>
<thead>
<tr>
<th>✔ SERVICE COMMITMENT</th>
<th>➡ BENEFIT</th>
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<tbody>
<tr>
<td>Start-up plan based on unsurpassed levels of knowledge and insight into current operations.</td>
<td>Provides a seamless transition between Contracts. Risk free transfer of operations from CMAL to the Harbour Operator.</td>
</tr>
<tr>
<td>A Harbour Operations team that is focused on effective delivery of harbour activities, through Harbour Operation contract performance measures and targets.</td>
<td>This will reinforce the collaborative relationship between CFL and CMAL teams to continuously improve our operations and service to all port users.</td>
</tr>
</tbody>
</table>

KEY ASSUMPTIONS

Our outcomes are based on:

» Delivery of the HOA as set out in the tender documents
» Ports will not be staffed 24 hours, but, as the Operator, we will provide alternative lines of communication for harbour users.

KEY STRENGTHS OF OUR PROPOSALS

» We will continue to work closely in a re-invigorated and trusted partnership with CMAL to create a safe operation and value for money
» We will build on our current success to deliver innovation and continual improvement over the lifetime of the HOA
» We will recognise and respect the role of CMAL as Statutory Harbour Authority and asset owner
» Our start-up plan will provide a seamless transition from the current to the new HOA
» We will continue to transform our business and we will deliver on our promises.
OPERATING CMAL’S WEST COAST PORTS AND HARBOURS
THINK NATIONAL, ACT LOCAL